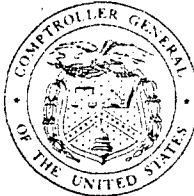


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**DECISION**



**THE COMPTROLLER GENERAL  
OF THE UNITED STATES**  
WASHINGTON, D. C. 20548

FILE: B-197873

DATE: April 2, 1980

MATTER OF: Reimbursement for Services, Supplies and Equipment  
Furnished between Government Agencies

- DIGEST: 1. Section 601 of the Economy Act of 1932, as amended, 31 U.S.C. § 686(a) does not require that all interdepartmental loans of employees be made on a reimbursable basis. On the contrary, as we held in 13 Comp. Gen. 234 (1934), such loans of services must be reimbursed only where so provided by prior written agreement between the agencies involved. This rule was neither nullified nor modified by our recent decisions in 56 Comp. Gen. 275 (1977) and 57 Comp. Gen. 674 (1978) which hold only that a loaning agency must recover its actual costs, including significant indirect costs, where reimbursement has been agreed upon in a prior writing.
2. Loans of supplies, equipment and materials may be made on a non-reimbursed basis if for a temporary period and the borrowing agency agrees to assume costs incurred by reason of the loan. However, as further stated in 38 Comp. Gen. 558 (1959), transfers which are or may become permanent must be made on a reimbursable basis in order to comply with section 601 of the Economy Act of 1932.

This decision is in response to a letter from the General Counsel, Agency for International Development, dated February 19, 1980, requesting our views regarding reimbursements for services, equipment and supplies furnished between Government agencies and departments pursuant to section 601 of the Economy Act of 1932, as amended, 31 U.S.C. § 686(a)(1976) (Economy Act). Specifically, it is questioned whether our recent decisions in 57 Comp. Gen. 674 (1978) and 56 Comp. Gen. 275 (1977) contemplate reimbursement of actual costs for all interagency transactions under the Economy Act, thereby overruling our determination in 13 Comp. Gen. 234 (1934) that reimbursement is required for interagency loans of personnel only where so provided in a prior written agreement. We were further asked whether interdepartmental loans of supplies, equipment and materials may be made on a non-reimbursed, accommodation basis.

Section 601 of the Economy Act, supra, was enacted to permit Government agencies to contract with other agencies for the purchase and sale of needed supplies and employee services. It was contemplated that economies would be realized if agencies utilized the available

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resources and expertise of other agencies. In order to encourage agencies to supply such materials and employee services this provision authorized reimbursement for the services and supplies involved providing, in pertinent part, as follows:

"(a) Any executive department or independent establishment of the Government, or any bureau or office thereof, if funds are available therefor and if it is determined by the head of such executive department, establishment, bureau, or office to be in the interest of the Government so to do, may place orders with any other such department, establishment, bureau, or office for materials, supplies, equipment, work or services, of any kind that such requisitioned Federal agency may be in a position to supply or equipped to render, and shall pay promptly by check to such Federal agency as may be requisitioned, upon its written request, either in advance or upon the furnishing or performance thereof, all or part of the estimated or actual cost thereof as determined by such department, establishment, bureau, or office as may be requisitioned;. . ."

In 13 Comp. Gen. 234 (1934) we assessed the impact of section 601 of the Economy Act on the interagency loaning of personnel and determined that--

"\* \* \*[i]n the absence of a written order or agreement in advance, or unless the written order or agreement specifically provides for reimbursement, the loan of personnel will be regarded as an accommodation for which no reimbursement or transfer of appropriation will be made for salaries. . . ."  
id., at 237

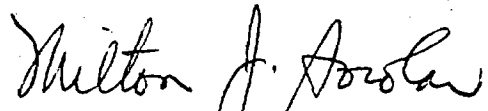
Thus, section 601 of the Economy Act, in effect, affords agencies the option of contracting for the interagency loan of personnel with provision for reimbursement.

This decision was neither overruled nor modified by our more recent rulings in 56 Comp. Gen. 275 (1977) and 57 Comp. Gen. 674 (1978). Those cases specifically addressed the separate issue of whether certain indirect costs must be recovered by agencies which agree to supply services pursuant to section 601 of the Economy Act.

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These decisions require reimbursement of indirect and other actual costs only in Economy Act transactions, but not when the personnel loan is an informal accommodation. The holding of these cases is not inconsistent with 13 Comp. Gen. 234 and, accordingly, the rule in that case remains in effect.

We previously examined the nature of the reimbursement requirement applicable to interdepartmental transfers of supplies, equipment and materials in 38 Comp. Gen. 558 (1959). In that case, which involved a non-reimbursed, temporary loan of a tugboat by the Maritime Administration to the Coast Guard, we stated that such loans of property for temporary periods are proper where the borrowing agency agrees to assume the costs incurred by reason of the loan. See also 30 Comp. Gen. 295 (1951). However, we further determined that loans for indefinite periods which could become permanent transfers, violate section 601 of the Economy Act if made on a non-reimbursed basis. Accordingly, we here hold that while temporary loans of property between agencies may be made on an accommodation basis, a supplying agency must be fully reimbursed for transfers which are or could become permanent.



For the Comptroller General  
of the United States